their works in the NGM in the first instance, Plaintiffs had made "express transfer[s] of the copyright[s] or of any rights under it." The Second Circuit erroneously maintained that the publishers continue to possess the privilege, notwithstanding these express transfers of rights under copyright.[3] Specifically, it stated:

> ***[T]he plain effect of the quoted language ["in the absence of an express transfer of the copyright or of any rights under it"] is only to establish the minimum rights acquired by publishers absent contractual provisions expressly overriding Section 201(c). In short, in the absence of a contract stating otherwise, publishers acquire "only the privilege*** of reproducing and distributing the contribution as part of that particular collective work, any revision of that collective work, and any later collective work in the same series." (Emphasis added)

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[3] Notably, the District Court relied upon the existence of those agreements between the parties to deny class certification to the Auscape Plaintiffs in its October 1, 2003, ruling that those agreements would impact the applicability of the privilege:

> "[I]ndividual issues of fact and law substantially predominate over any common questions. *The precise nature of the individual arrangements between each freelancer and the Society are, or are likely to be, at issue in each case.* This quite clear[ly] is not an appropriate case for (b)(3) certification." (Emphasis added)

If the Second Circuit's interpretation of §201(c) is correct, then the presence of contracts between NGS and the authors is irrelevant to the continued vitality of the privilege and all authors who did not explicitly contract to extinguish the privilege can be and should be certified as a Class.

Faulkner, 409 F.3d at 40. The Second Circuit applied a judicial gloss upon the statute requiring the parties to explicitly "contract" to extinguish the privilege, ignoring the fact that, as structured by Congress, the §201(c) privilege does not even arise where there are any express transfers of the copyright or of any rights under it.

The Second Circuit also declared that Plaintiffs had waived their rights to object to NGS's reuse of their works because they had lacked the prescience to anticipate the advent of new technologies and reserve rights for unknown and unfathomable future uses. It said:

> "Therefore, ***even if the Faulkner appellants harbored an intent to limit publication rights to a non-digital format, their failure to negotiate for pertinent contractual provisions or even to communicate these intentions to NGS is fatal to their claim.***"

Faulkner, *supra*, 409 F.3d at 40 (emphasis added).

Clearly, waiver requires a conscious relinquishment of a known right and no such waiver could have occurred where Plaintiffs were unaware of both unknown technologies and unknown future uses. Moreover, waiver is a question of fact which should have been reserved to the trier of fact.[4] This was

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[4] Other improper factual determinations made by the District Court include that:

> The Authors failed to object to use of their works in indices and bound volumes and so should be precluded from objecting now. *Faulkner*, 294 F.Supp.2d at 542.

a complete departure from the established principles of law and from the accepted and usual course of judicial proceedings. The Second Circuit required authors to reserve their rights, rather than requiring publishers to negotiate for and obtain the rights they need. This approach runs afoul of the statutory reservation of all rights to the author under 17 U.S.C.§§201(a), (c), 202, 203, 204, 205, 103(b), 106 and 106A.

The Second Circuit's construction expanded the privilege and fails to give effect to the express language of §201(c) which vitiates the privilege in instances where express transfers of rights under copyright exist. The Second Circuit's ruling reflects erroneous statutory construction and causes extraordinarily harsh and unreasonable results.

Resolution of this issue is important to *Amici*. Most of them had contracts with NGS, the publisher, which granted one time rights under copyright to include their works in the print edition of the NGM only. If the express language of §201(c) is applied, NGS obtained no privilege to use *Amici's* works in any other product, anthology, collective work or even in any revision or reprinting of the NGM, because the contract did not extend those rights to NGS. If the Second Circuit's view is credited, NGS possesses the §201(c) privilege notwithstanding the parties' express agreements that NGS would only use the works once and only in print, because the privilege was not explicitly eliminated by contract. Accordingly, NGS can reuse the works in any media because, in the words of the Second Circuit, they failed ***"to negotiate for pertinent contractual provisions."***

"[T]he content that motivates purchasers is the underlying collective work for which the plaintiffs granted rights." *Id.*

Countless other authors are similarly situated with *Amici* and the Petitioners. *Amici* beg this Court to rule on this important issue.

II. THE SECOND CIRCUIT INCORRECTLY HELD THAT THE §201(c) PRIVILEGE IS ALIENABLE

While the tax-exempt NGS was the publisher of the NGM collective works in which the authors' and *Amici's* works initially appeared, it was National Geographic Interactive ("NGI") which was the publisher of the CNGs. NGI was a for-profit wholly owned subsidiary of NGS to which NGS allegedly assigned its §201(c) privilege. The CNG was a result of contracts between NGI, Kodak and Mindscape and each of these entities claims that their reproduction of Petitioner's and *Amici's* works was privileged under §201(c).

The Second Circuit ruled that because the §201(c) privilege is a subdivision of a copyright acquired by the publishers. It stated:

> Section 201(c) transfers some of the copyright in a contribution to publishers in the form of a limited privilege. Section 201(d)(1) by its terms allows for a transfer of a copyright "in whole or in part." Section 201(d)(2) authorizes owners of "[a]ny of the ... rights ... in a copyright" to transfer such rights. Therefore, publishers may transfer any subdivision of a copyright that they acquire. *See Tasini*, 972 F. Supp. 804, 815-16 (S.D.N.Y. 1997) (holding subdivisions of copyrights transferable), *rev'd on other grounds*, 206 F.3d 161 (2nd Cir. 2000).

Faulkner, supra, 409 F.3d at 39. It rationalized that:

> The drafters intended that the Copyright Act of 1976 do "nothing to change the rights of the owner of copyright in a collective work" but that it merely clarify and improve an unfair legal situation by preserving an author's copyright in a contribution. H.R. Rep. No. 94-1476, at 122 (1976), *reprinted in* 1976 U.S.C.A.A.N. 5659, 5738. Given that intention, it is more than reasonable to read Section 201(c) and 201(d) together to render the publisher's limited privilege under Section 201(c) to be transferrable under Section 201(d).

Faulkner, supra, 409 F.3d at 39.[5]

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[5] The District Court relied on one additional theory to permit use by NGI. It held that:

> "[i]n view of NGS's beneficial ownership of and control of the subsidiaries here in question, they all are parts of the same economic enterprise. They are indistinguishable for purposes of Section 201 (c)." *Faulkner, supra,* 294 F.Supp.2d at 545.

However, the Second Circuit has expressed judicial reluctance to disregard the corporate form:

> '[T]hey do so only when the form has been used to achieve fraud, or when the corporation has been so dominated by an individual or another corporation ..., and it separate identity so disregarded, that it primarily transacted the dominator's business rather than its own and can be called the other's alter ego.'

Section 103(b) also makes the distinction clear: "[t]he copyright in a compilation ... does not imply any exclusive right in the preexisting material [underlying copyrighted work]." The §201(c) privilege relates only to the ability of the collective work author to reuse the individual contributions to that collective work after their initial publication; a collective work author owns none of the transferable rights identified in §106 with respect to the individual contributions. Whether the privilege is transferable depends on whether §201(d) permits transfer of privileges and whether the Author of the contribution consented to such a transfer.

Congress distinguished between "rights under copyright" pursuant to §106 and the §201(c) "privilege." The privilege arises only if there has been no transfer of "rights under copyright" which are defined in §106. Section 201(d) speaks only to the transferability of "rights" not "privileges." Congress' use of the word "only" in connection with the grant of the "privilege" also shows the privilege is different from and less

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Wm. Passalacqua Builders, Inc. v. Resnick Developers South, Inc., 933 F.2d 131, 138-139 (2d Cir. 1991)(citations omitted). Whether NGS exercised the requisite degree of control, disregarded corporate form or used it to commit fraud are all fact questions which should have gone to the jury. The District Court made no attempt to analyze whether the nine enumerated factors of *Passalacqua* to determine domination and control were present in this case.

The Second Circuit did not address this issue its determination that the §201(c) is freely alienable rendered this argument unnecessary. However, this Court should make clear that the privilege cannot be transferred even to wholly owned subsidiaries which the publisher has sought to maintain as separate.

than a "right." Thus, the publisher's "privilege," not being among the rights identified in §201(d), is not transferable.

Moreover, "privilege" historically refers to a personal prerogative which is not transferable. WEBSTER'S THIRD NEW INTERNATIONAL DICTIONARY 1805 (1976). See 8 Wigmore, EVIDENCE, §2196, p. 111 (1961) (A claim of privilege can be made solely by the person whose privilege it is. The privilege ...is purely personal.) See also, *United States v. White*, 322 U.S. 694, 698 (1944); *Chesapeake & O.R. Co. v. Miller*, 114 U.S. 176, 185 (1885) ("rights... may be conveyed", "privileges" are "personal ...incapable of transfer without express statutory direction").

Only NGS, the "owner of copyright in the collective work" – single NGM issues – can invoke any §201(c) privilege which may exist. Mindscape, Kodak, and NGI can claim no §210(c) privilege. Mindscape was not the "agent" of NGS, and cannot invoke the §201(c) privilege in a representative capacity, because its distribution agreement was not with NGS. As the District Court previously noted, Appellees entered into "a classic licensing arrangement" with their co-conspirators. *Ward v. National Geographic Soc.*, 208 F.Supp.2d 429, 443 (S.D.N.Y. 2002).

Transferability was central to the Second Circuit's conclusion that use by NGI, with Kodak and Mindscape, was privileged. Clearly, if the privilege is not transferable, the CNG is an infringing use. *Amici's* works were used in the CNG and their rights depend on this Court's consideration of the issue.

III. THE SECOND CIRCUIT MISINTERPRETED THIS COURT'S *TASINI* RULING AS EXPANDING PERMITTED MICROFORM PRODUCTION AND DISTRIBUTION

Microform products are traditionally used for archival purposes. However, in this case the creation of microform products was not done by a library or other institution for archival purposes. Rather, the microform products were being created from NGS' own collection of magazines by ProQuest[6] and sold as a commercial product, rather than from a particular library's collection of print magazines by the library. Such a commercial, non-archival creation of microform products is not privileged under the Copyright Act.

The Second Circuit believed that this Court's *Tasini* decision "gave tacit approval to microfilm and microfiche as permissible Section 201(c) revisions." It stated that "by contrasting that method of reproduction with the databases," this Court held that microforms "represent a mere conversion of intact periodicals (or revisions of periodicals) from one medium to another."[7] *Faulkner, supra*, 409 F.3d at 35-36. The Second Circuit stated that this Court "strongly implied, by contrasting the database to microfilm, that microfilm would constitute a

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[6] Proquest Information And Learning Company Fka Bell & Howell Information And Learning Company, Fka Umi Company Fka University Microfilms Inc.

[7] The District Court analogized the CNG to microfilm. *Faulkner*, 294 F.Supp.2d at 540-41. Whether and to what extent the CNG is similar to microform is a question of fact which must be decided by the jury.

privileged revision." A careful review of the *Tasini* decision shows that the Second Circuit read too much into this Court's comments about microfilm.

This Court certainly noted that microfilming represented a mere conversion from one media to another preserving the context of the original collective work, but it did not adopt the Dissent's erroneous suggestion that a microform copy would always be a "privileged revision" under §201(c).

Whether a publisher is permitted to republish a work included in a collective work in a subsequent republication, whether in print, digital media or microform, depends on the following factors:

a) Whether contracts between the author and publisher exist which transfer any right under copyright;

b) If no such express transfers of "rights under copyright," the publisher of the original collective work could reuse included works under the privilege only if it maintains context of the original collective work in the same collective work, a revision of it or a subsequent issue in a serial work, and not in a new and different work or an anthology;

c) In the case of microforms, the publisher of microform products which do not satisfy the conditions of paragraph b) above must be within the class of persons permitted to make archival microform products under 17 U.S.C. §108 and

> the uses and distribution must be limited to those expressly authorized by §108 .[8]

This Court needs to make clear that its *Tasini* decision did not expand the exemption from copyright infringement liability available under §108 to for-profit reproductions and distributions of microform products which are neither authorized by authors or privileged under §201(c). *Amici's* works have been duplicated and distributed in microform by ProQuest which was not the publisher of the NGMs in which *Amici's* works first appeared.

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[8] The District Court erroneously referred to the CNG as a "digital archive," [*Faulkner, supra*, 294 F.Supp.2d at 536] despite the fact that NGS is neither a library nor an "archive" and the CNG was not made to "reproduce...one copy...of a work" for such limited purposes as preservation, security, or replacement of a damaged copy, etc. See 17 U.S.C. §108.

CONCLUSION

Amici respectfully request the Petitions for *certiorari* submitted by Petitioners be granted and the court take up the additional questions raised herein.

Respectfully submitted,

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